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# A BILL FOR AN ACT

RELATING TO ENERGY.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1. The legislature finds that taxpayers paid  
2       \$34,900,000 last year for the University of Hawaii's annual  
3       electric bill. Together with the rest of the University of  
4       Hawaii system, the energy expenses for university facilities  
5       exceed \$40,000,000 per year. The rising cost of energy has  
6       resulted in increasing costs and repeated tuition increases for  
7       students.

8       The legislature also finds that the University of Hawaii  
9       system has many crumbling buildings and a deferred maintenance  
10      backlog nearing \$1,000,000,000, which has left many facilities  
11      long out-of-date and, in some cases, unusable.

12      The legislature finds that Hawaii leads the nation in the  
13      creation of pioneering models of energy and infrastructure  
14      financing to save taxpayers money. In 2013, the legislature  
15      established the green energy market securitization program,  
16      which uses private investment dollars to pay for the upfront  
17      costs of energy infrastructure retrofits for both public and



1 private purposes, which is paid back using the savings realized  
2 from the reduction in energy costs generated by the new energy-  
3 efficient infrastructure while also producing an additional net  
4 savings to the end user.

5 By using energy-savings financing mechanisms such as the  
6 green energy market securitization fund to pay for a large  
7 portion of any renewable energy project, the university can  
8 reduce its electrical consumption at a fraction of the cost to  
9 taxpayers. Furthermore, the use of energy-savings financing  
10 mechanisms such as the green energy market securitization fund  
11 to pay for the renewable energy portion of any deferred  
12 maintenance project can help the university reduce its deferred  
13 maintenance backlog and lower its electrical consumption at a  
14 fraction of the cost to taxpayers.

15 The purpose of this Act is to maximize taxpayer savings by  
16 establishing long-term commitments to reduce energy use at the  
17 University of Hawaii and by appropriating funds through a  
18 special fund that incentivizes the use of energy-savings  
19 financing mechanisms to complete renewable energy and deferred  
20 maintenance projects at a fraction of the cost to taxpayers.



SECTION 2. Chapter 304A, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**"§304A-A Energy use; net-zero goal.** (a) The University of Hawaii shall establish a collective goal of becoming net-zero with respect to energy use, producing as much energy as the system consumes across all campuses, by January 1, 2035.

(b) The University of Hawaii shall establish a benchmark for the amount and value of energy consumed during the 2014-2015 fiscal year, against which it shall measure its progress toward the goal set forth in subsection (a)."

SECTION 3. Chapter 304A, Hawaii Revised Statutes, is amended by adding a new section to part V to be appropriately designated and to read as follows:

**"§304A-B University of Hawaii net-zero special fund.** (a) There is established the University of Hawaii net-zero special fund, into which shall be deposited:

- (1) Appropriations from the legislature;
- (2) Moneys from the University of Hawaii, pursuant to subsection (c); and
- (3) Moneys from other sources.



1        (b) The special fund shall be used:

2        (1) For renewable energy and efficiency capital

3        improvement projects that advance the net-zero energy  
4        goal set forth in section 304A-A(a);

5        (2) For deferred maintenance capital improvement projects

6        with a renewable energy or efficiency component that  
7        advances the net-zero goal set forth in section 304A-  
8        A(a); and

9        (3) In conjunction with financing mechanisms as approved

10       through:

11       (A) A green infrastructure loan program order,  
12       pursuant to section 269-171; or

13       (B) Comparably-priced energy-savings financing  
14       products to pay for facility upgrades that  
15       advance the goal set forth in section 304A-A(a).

16       (c) For each capital improvement project funded through  
17       the special fund in conjunction with financing mechanisms in  
18       section 304A-B(b)(3), the University of Hawaii shall annually  
19       deposit into the special fund the current value of the energy  
20       saved or offset by the project during the preceding fiscal year,



1 excluding any debt service costs for the project, until the debt  
2 service costs for the project have been paid in full.

3 (d) The University of Hawaii shall submit an annual report  
4 to the legislature by November 30 of each year that includes the  
5 following information:

6 (1) The total debt service in the prior fiscal year for  
7 capital improvement projects funded through the  
8 special fund;

9 (2) The current value of the energy saved in the prior  
10 fiscal year through capital improvement projects with  
11 outstanding debt service funded through the special  
12 fund;

13 (3) The status of each capital improvement project funded  
14 through the special fund, if the project is not yet  
15 complete;

16 (4) Recommendations for the next phase of capital  
17 improvement projects to be funded through the special  
18 fund; and

19 (5) Overall progress toward the net-zero goal set forth in  
20 section 304A-A(a).



1       (e) As used in this section, "special fund" means the  
2       University of Hawaii net-zero special fund."

3       SECTION 4. The director of finance is authorized to issue  
4       general obligation bonds in the sum of \$           or so much  
5       thereof as may be necessary and the same sum or so much thereof  
6       as may be necessary is appropriated for fiscal year 2015-2016  
7       for the purpose of capital improvement projects to be funded  
8       through the University of Hawaii net-zero special fund.

9       SECTION 5. The appropriation made for the capital  
10      improvement project authorized by this Act shall not lapse at  
11      the end of the fiscal biennium for which the appropriation is  
12      made; provided that all moneys from the appropriation  
13      unencumbered as of June 30, 2018, shall lapse as of that date.

14      SECTION 6. There is appropriated out of the general  
15      revenues of the State of Hawaii the sum of \$           or so much  
16      thereof as may be necessary for fiscal year 2015-2016 and the  
17      same sum or so much thereof as may be necessary for fiscal year  
18      2016-2017 into the University of Hawaii net-zero special fund.

19      SECTION 7. There is appropriated out of the University of  
20      Hawaii net-zero special fund the sum of \$           or so much



1   thereof as may be necessary for fiscal year 2015-2016 for the  
2   following purposes:

3       (1)   University of Hawaii at Manoa:

4           (A)   \$           for plans, design, construction, and  
5                 equipment for the retrofit of Kuykendall hall;  
6                 provided that \$           of this sum shall be  
7                 funded through financing mechanisms in section  
8                 304A-B(b)(3), Hawaii Revised Statutes; and

9           (B)   \$           for plans, design, construction, and  
10                equipment for the retrofit of Klum gym, with new  
11                athletics-support functions; provided that  
12                \$           of this sum shall be funded through  
13                financing mechanisms in section 304A-B(b)(3),  
14                Hawaii Revised Statutes.

15       (2)   University of Hawaii at Hilo:

16           (A)   \$           for plans, design, construction, and  
17                 equipment for the retrofit of the learning  
18                 resources center and central plant; provided that  
19                 \$           of this sum shall be funded through  
20                 financing mechanisms in section 304A-B(b)(3),  
21                 Hawaii Revised Statutes; and



1 (B) \$ for plans, design, construction, and  
2 equipment for the retrofit of the university  
3 classroom building; provided that \$ of  
4 this sum shall be funded through financing  
5 mechanisms in section 304A-B(b)(3), Hawaii  
6 Revised Statutes.

7 The sums appropriated shall be expended by the University  
8 of Hawaii for the purposes of this Act.

9 SECTION 8. There is appropriated out of the general  
10 revenues of the State of Hawaii the sum of \$ or so much  
11 thereof as may be necessary for fiscal year 2015-2016 and the  
12 same sum or so much thereof as may be necessary for fiscal year  
13 2016-2017 to fund two positions within the University of Hawaii  
14 system to provide the necessary financial, technical, and other  
15 support to advance the goal set forth in section 304A-A, Hawaii  
16 Revised Statutes.

17 The sums appropriated shall be expended by the University  
18 of Hawaii for the purposes of this Act.

19 SECTION 9. In codifying the new sections added by sections  
20 2 and 3 of this Act, the revisor of statutes shall substitute





1 appropriate section numbers for the letters used in designating  
2 the new sections in this Act.

3 SECTION 10. New statutory material is underscored.

4 SECTION 11. This Act shall take effect on July 1, 2015.



**Report Title:**

University of Hawaii; Energy

**Description:**

Requires UH to establish collective goal of becoming net-zero with respect to energy use by January 1, 2035. Establishes the University of Hawaii Net-zero Special Fund. Appropriates funds for capital improvement projects and for staff. (HB1509 HD2)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

